ANCOM SDN. BHD.

v.

WONG SEE PIN & ORS.

HIGH COURT MALAYA, KUALA LUMPUR
VC GEORGE J
[CIVIL SUIT NO. C3-22-281-86]
4 MAY 1987

CIVIL PROCEDURE: *Injunction - Anton Piller order - Injunction granted in ex-parte application - Inter parte application to set aside the injunction - Whether serious questions to be tried - Not necessary to satisfy Court that it would succeed in case proper.*

CIVIL PROCEDURE: *Anton Piller - Plaintiffs gave undertaking to Court to ensure Bailiff would explain to persons to be served with order - Defendants have right to seek and obtain legal advice before complying with order - Such advice be sought and obtained forthwith - Whether defendants given reasonable opportunity of seeking legal advice if they chose to seek such advice.*

This was an application *inter parte* to set aside the Anton Piller order and the injunctions made and imposed on 17 December 1986 as a result of an *ex parte* application by the plaintiffs.

Held:

[1] Taking everything into consideration including the judgment of the English Court of Appeal in *Potters-Ballot-ini Ltd. v. Weston-Baker & Ors.*, the balance of convenience and that in any event damages would be an adequate remedy and that at least the 7th defendant appears to have the means to meet any order made in respect of damages, the Court was of the view that the injunction sought should be refused.

[2] The injunction imposed by the order of 17 December 1986 was set aside and not reimposed.

[Injunction set aside.]

Cases referred to:

Rex v. Kensington Income Tax Commissioners [1917] 1 KB 486
Potters-Ballotini Ltd. v. Weston-Baker & Ors. [1977] RPC 202

For the plaintiffs - Shahul Hameed Amirudin; M/s. Sri Ram, Zulkifly & Kumar
For the defendants - A. Kanesalingam; M/s. Kanesalingam & Co. & Y. Sivaloganathan; M/s. Siva Thurai Mariany & Co.

JUDGMENT

VC George J:

This is an application to set aside the Anton Piller order and the injunction made and imposed on 17 December 1986 as a result of an *ex parte* application by the plaintiffs. In seeking the *ex parte* orders the plaintiff relied on the contents of the statement of claim that had been filed and the affidavit of the Managing Director of the plaintiffs, one Yong Ng Gah which is encl. (5) in the Court's file.

For the defendants it is contended that the plaintiffs had succeeded in obtaining the *ex parte* orders by deliberately misleading the Court in respect of material facts.

By para. 3 of Yong's affidavit, he said that an American company called Ansul had after considerable research developed and perfected the process to manufacture, on a commercial basis, two specific chemical compounds referred to as DSMA and MSMA. Yong explained that these compounds are organic chemicals which if properly manufactured could be used for weed control in agriculture. He went on to state that "Ansul did register the patent on 19 September 1967 with the relevant authorities in the United States of America *vide* patent No. 3,342,584." The impression given was that "the patent" had reference to the patent in respect of the process of manufacturing the two compounds on a commercial basis.

Further, in para. 5 of the statement of claim the plaintiffs had set out the background and the basis of their claim. They had stated that Ansul were the inventors of the process of the manufacture of DSMA and MSMA on a commercial basis and that Ansul had patented the process. The words used in para. 5(a) of the statement of claim are

> the inventors of the process, Ansul company of United Stated of America ("Ansul") patented the process in the United States of America *vide* Patent No. 3,342,584 on 19 September 1967.

The plaintiffs went on to state that it was Ansul that had set up the plaintiff company in Malaysia to produce DSMA and MSMA for the Asian region. And then the plaintiffs cleared any doubts there may be in respect of the position by stating:

> At all material times the plaintiff had a licence from the registered and beneficial owner of the patent to manufacture DSMA and MSMA.

For good measure, Yong states in his affidavit that the plaintiff paid royalties for the licence to manufacture the compounds.

For the defendants it was pointed out that the effect of the contentions and averments of the plaintiffs by affidavit and by the statement of claim are virtually unequivocal *viz*. that the inventor of the process of the manufacture of compound is Ansul. Ansul patented the process; Ansul or its successors-in-title continued to have the patent rights because and pursuant to which they in fact collect a royalty for allowing the plaintiffs to manufacture the compound in Malaysia and that as a result the plaintiffs have acquired from Ansul the secret of manufacturing the compounds which is accordingly their trade secret.

The defendants say that all of this is grossly misleading.

They produced evidence that shows that it was not Ansul who had patented the process of the manufacture of the compound. The patent application was jointly made by one George Miller and Sydney Seaton as assignors of the Government of the United States of America. This was in 1932. As a follow-up the same George Miller this time in collaboration with one Reid, patented certain further claims which apparently are a development of the manufacturing process. This application was also made in 1932. Further, on 2 March 1956 somebody called Arthur Schwerdle also patented a process of producing amongst other things DSMA.

The only saving grace *vis-a-vis* the plaintiffs is that they did exhibit patent No. 3,342,584 to Yong's affidavit.

I will confess that at the *ex parte* application in chambers I did not read the contents of the patent. I had assumed from the contents of para. 3 of Yong's affidavit encl. (5) and para. 5(a) of the statement of claim that the patent that was exhibited was a patent of the manufacturing process of the compound/compounds. It turns out that it was in fact a patent in respect of a method for eradicating certain weeds in cotton fields and had nothing whatsoever to do with the manufacture of the compounds.

The second area that was highlighted was the contention that the Court had been misled into granting the orders sought by the plaintiffs in the *ex parte* application was the statement in para. 4 of the affidavit of Yong encl. (5) where in referring to the compound he says:

> the inert ingredients, the toxicology, methodology, formulae, compounds, compositions, manufacturing process are trade secrets of the plaintiff.

However, the defendants have shown that there are any number of publications which could be picked up even in the public library in Kuala Lumpur in which comprehensive details of the ingredients, the toxicology, methodology, formulae, compounds and compositions of this compound and related compounds are set out comprehensively and even the manufacturing process is set out. These texts are freely available to anybody interested. In the face of that, to state that all these aspects of the compounds are trade secrets is no doubt misleading. I would agree with Encik Kanesalingam, that when confronted with the pages from the various publications showing all these aspects of the compound, there appears to have been a change in their stand, on the part of the plaintiffs. In para. 9(e) of encl. (18) the further affidavit of Yong Ng Gah the Managing Director of the plaintiff company, he is seen to say:

> I respectfully deny that adequate and sufficient information on the manufacturing process is available in the text or reference books.

He appears in effect to be conceding that all other aspects of the compounds are in the public domain.

Now, in applying for a patent, it is required that the specifications set out in the application must be sufficiently comprehensive as to show the manner of carrying out the invention into effect. If the specifications were lacking in respect of such information the application for the patent would be refused. In England the position is that even if the patents office had issued letters patent if in fact the specifications were lacking in information, on application it would be revoked by the Court - see in the *Matter of Application to Revoke Letters Patent of Thomas Lewis Shepherd* reported in 1938, 36 RPC p. 100. As soon as the letters patent is issued the contents of the specifications are in the public domain. Thereafter the protection the inventor and his licencees and assignees have are the letters patent. The protection is territorial and for a limited period.

Accordingly, the fact of the matter is, that clearly even the manufacturing process has since 1932 been in the public domain.

Starting with *Rex v. Kensington Income Tax Commissioners* [1917] 1 KB 486 which was applied in *Thermax Ltd. v. Schott Industrial Glass Ltd.* [1981] Fleet Street Reports 289 and it has been applied in any number of other English and Malaysian judgments it is now trite that in an *ex parte* application there must be full disclosure to the Court and that in any event the Court should not be misled. Even if the failure to make full disclosure or the misleading was as a result of an error of judgment only and not deliberate the *ex parte* injunction given would be set aside without an investigation into the merits.

In the instant case there was a painting of an erroneous picture of the background and of the position that obtained.

For the plaintiffs it has been contended that at no time have they sought to rest their claim on any patent. That is indeed so. Their claim is based on trade secrets. However, in order to impress upon the Court that the information they had were their own trade secrets the suggestion was that their principals had through research and experiment discovered the

manufacturing process and as if to allay any doubts that that was the position the plaintiffs went on to say that Ansul their principals had acquired the patent rights on which they were collecting a royalty from the plaintiffs. All this, as has been seen, is misleading and the Court was misled. Clearly the orders made have to be set aside without even considering the merits.

But having come to that conclusion it was incumbent that I direct my mind to whether having now heard the matter again but this time *inter parte* I should after all impose the injunctions.

Taking everything into consideration including the judgment of the English Court of Appeal in *Potters-Ballotini Ltd. v. Weston-Baker & Ors.* [1977] RPC 202, the balance of convenience and that in any event damages would be an adequate remedy and that at least the 7th defendant appears to have the means to meet any order made in respect of damages, I am of the view that the injunctions sought should be refused.

Before concluding I would like to make a couple of further observations.

In effect the parties attempted to virtually have a trial of the issues that would be the issues at the trial of this action. Counsel for both sides dwelt at length on issues not really relevant to the application to set aside an injunction obtained on an *ex parte* application. No doubt it has to be demonstrated to the Court that there are serious questions to be tried but it is not necessary for either side to satisfy the Court at this stage that it would win the case.

The other observation I have to make is that in granting the Anton Piller order the plaintiffs *inter alia* gave an undertaking to ensure that the Bailiff would explain to the persons to be served with the order that the defendants have the right to seek and obtain legal advice before complying with the order provided that such advice be sought and obtained forthwith. It is also to be noted that the Anton Piller order provided for the defendants to permit the plaintiffs' representative to enter the defendants' premises between the hours of 11 a.m. and 6 p.m.

Now what happened was that the plaintiffs' party accompanied by the Bailiff and one Encik Ramakrishnan an advocate & solicitor, arrived at the locked gate of the 7th defendants' factory at about 4.30 p.m. on Christmas eve. The Bailiff asked the guard whether the 4th and 5th defendants, officials of the 7th defendants were in. The guard without replying went into the premises and returned a few minutes later and said that the 5th defendant was in and that he did not want to see anybody. Encik Ramakrishnan then informed the guard that they were there to serve certain legal documents and after some hesitation on the part of the guard the Bailiff and he were let into the premises. The Bailiff then explained to the 5th defendant why they were there and he proceeded to explain the conditions imposed in the order. The 5th defendant then said he would like to exercise the right to consult solicitors. He was seen making phone calls. It took him about 30 minutes to arrange for Encik Ramakrishnan to speak on the telephone to Encik Kanesalingam, the solicitor for the 7th defendant whom the 5th defendant had been advised by his managing director to get in touch with and who, by a happy coincidence although it was Christmas eve and after 5 p.m., happened to be in his chambers.

Encik Ramakrishnan apparently could not explain the whole situation to Encik Kanesalingam. Accordingly the solicitor having the conduct of the matter for the plaintiffs, Encik Shahul Hamid Amirudin had to be brought in and he was, presumably after some delay, and there was a further conversation on the telephone between Encik Amirudin and Encik Kanesalingam. It was accordingly only at 5.47 p.m. according to Encik Ramakrishnan that the 5th defendant

permitted the party to enter into the premises. The defendants have complained bitterly about not having had the sort of opportunity they would have wanted to seek and obtain proper advice.

In the face of the condition that the defendant should be allowed to consult solicitors before deciding whether to comply with the requirement that the plaintiff's representative should be permitted to enter the premises, to attend at the premises at or about 4.30 p.m. on the eve of a public holiday like Christmas Day tantamounts to paying lip service only to the condition imposed by Court. Encik Amirudin explained that this was not done deliberately but they were forced to attend as they did at that time and day because that was the only time the Bailiff was available. That is no excuse. They should have looked for a day and time that the Bailiff in fact is available to attend on them as would give the defendants a reasonable opportunity of seeking legal advice if they chose to seek such advice. If the Bailiff was not available to attend at the defendants' premises at a reasonable time, then the plaintiffs had to accept that they could not implement the order properly and should have tried to have the order varied to enable them to attempt to enter the premises perhaps without the Bailiff.

The injunction imposed by the order of 17 December 1986 was set aside and not reimposed.

Also found at [1989] 1 CLJ 781